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CANBERRA FOR DAVID R. ATKINSON

E.O. 12958: N/A  
TAGS: [ETTC](#) [KOMC](#) [AS](#)  
SUBJECT: BLUE LANTERN: VERIFYING BONA FIDES OF REGISTERED  
BROKER WARWICK LORENZ - CASE NO. K-2342

REF: A. SECTION 38(B)(1)(A)(II) OF THE ARMS EXPORT CONTROL  
[1](#)B. ACT (AECA)(22 U.S.C. 2778)

[1](#)1. This is an Action Request. See paragraphs 3-4.

[1](#)2. U.S. embassies have frequently inquired about the legitimacy of arms export transactions involving U.S. contractors and host-country partners in support of U.S. efforts in Iraq and Afghanistan, or other U.S. government programs. The Department's Office of Defense Trade Controls Compliance (PM/DTCC) wishes to inform Post that U.S. or foreign persons who are involved in brokering U.S. defense articles or services, or any defense articles or services pursuant to U.S. procurement contracts for Iraq and Afghanistan or other destinations under USG auspices, must be registered with PM/DTCC and obtain Department's approval for their brokering activities.

[1](#)3. ACTION: PM/DTCC requests Post's assistance in conducting an inquiry into the brokering activities of the U.S. registered broker listed below to substantiate its bona fides. Department requests that Post conduct a site visit to the company in order to assess its business operations, on-site security, and reliability as a broker/recipient of United States Munitions List (USML) items. If a site visit is not possible, please inform the PM/DTCC case officer. Post is requested to complete this inquiry within 60 days:

WARWICK LORENZ, MANAGING DIRECTOR  
AUSTRALIAN PUMP INDUSTRIES PTY LTD  
7 GLADSTONE ROAD, CASTLE HILL ROAD  
NSW2154  
AUSTRALIA  
TEL: 61298944144  
FAX: 61298944240

[1](#)4. The following points are provided for guidance:

-- Confirm that this entity is in the business of brokering defense articles and defense services at the location(s) indicated under its legal name(s);

-- Determine whether this entity is authorized to conduct such activities in its home country, whether the entity has any criminal or other derogatory background, and whether Post has any information on its brokering or arms export activities that may involve proscribed entities such as countries under U.S. or international sanctions, or designated state sponsors of terrorism;

-- Will the brokering firm be handling or storing USML items on behalf of its clients? If so, does it have secure facilities and proper accounting and security procedures for

handling sensitive USML items?

-- When was the company established and who are its principals? How many employees?

-- What is the nature of its business and what other types of items does it handle?

-- What types of organizations are among its typical clients and in what countries are they located?

-- Does the company understand the restrictions on USML items, especially the prohibition against unauthorized re-transfers and re-exports?

END ACTION.

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BACKGROUND ON BROKERING REGISTRATION AND AUTHORIZATION  
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15. PM/DTCC provides the following background information on the requirements for registration and obtaining prior approvals for brokering activities:

The requirements for Registration and Obtaining Prior Approvals for Brokering Activities are based in the Arms Export Control Act (AECA). The Brokering Requirements are administered by PM/DTCC.

Section 38(b)(1)(A)(II) of the AECA requires registration for any person "who engages in the business of brokering activities with respect to the manufacture, export, import, or transfer of any defense article or defense service".

According to the International Traffic in Arms Regulations (ITAR) Section 129.2(a), a broker is defined as:

"any agent for others in negotiating or arranging contracts, purchases, sales or transfers of defense articles or defense services in return for a fee, commission, or other consideration."

Additionally, ITAR Section 129.2(b) states that "brokering activities means acting as a broker as defined (above), and includes financing, transportation, freight forwarding, or taking of any other action that facilitates the manufacture, export or import of a defense articles or defense service, irrespective of its origin."

Authorization is typically required for brokering activity. However, some activities are exempt from these requirements depending on the commodity, the countries involved, and the existence of previous authorizations. Any questions about specific cases may be directed to this office to the attention of Deborah Carroll, Chief, Compliance & Registration. Phone: 202-663-2809; SIPRNET carrolld@state.sgov.gov.

End background on brokering registration and authorization.

16. Please slug reply for PM/DTCC and include the words "Blue Lantern Broker Inquiry" and the case number in the Subject line. POC is Rachael-Therese S. Joubert-Lin, Phone: 202-663-2950; Email: JoubertLinRS@state.gov; SIPRNET:JoubertLinRS@state.sgov.gov. The Blue Lantern Guidebook is available as a PDF file at <http://www.intelink.sgov.gov/wiki/BlueLantern> End-Use Monitoring Program.

17. Department is grateful for Post's assistance in this matter.  
CLINTON